



0000046706

ORIGINAL

MEMORANDUM

TO: Docket Control

FROM: Ernest G. Johnson
Director
Utilities Division

DATE: March 10, 2006

RE: STAFF REPORT FOR THE APPLICATION OF BALTERRA SEWER CORP.
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE
SEWER SERVICES DOCKET NO. SW-20403A-05-0586

Attached is the Staff Report for the application of Balterra Sewer Corp. for a Certificate of Convenience and Necessity to provide sewer service. Staff recommends approval with compliance requirements.

EGJ:LAJ:tdp

Originator: Linda Jaress

Attachment: Original and Thirteen Copies

RECEIVED

2006 MAR 10 P 3:09

AZ CORP COMMISSION
DOCUMENT CONTROL

Service List for: Balterra Sewer Corp.
Docket No. SW-20403A-05-0586

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

BALTERRA SEWER CORP.

DOCKET NO. SW-20403A-05-0586

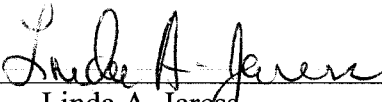
APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE
SEWER SERVICE IN MARICOPA COUNTY, ARIZONA

March 10, 2006

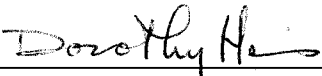
STAFF ACKNOWLEDGEMENT

The Staff Report for Balterra Sewer Corp. (Docket No. SW-20403A-05-0586) was prepared by the Staff members listed below. Linda Jaress prepared the Staff Report, Dorothy Hains prepared the Engineering Report and Charles Myhlhousen prepared the Financial and Regulatory Analysis Report.

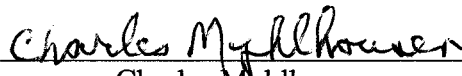
Contributing Staff:



Linda A. Jaress
Executive Consultant II



Dorothy Hains
Utilities Engineer



Charles Myhlhousen
Public Utilities Analyst IV

**EXECUTIVE SUMMARY
BALTERRA SEWER CORP.
DOCKET NO. SW-20403A-05-0586**

Balterra Sewer Corp. ("Balterra" or "the Company") filed an application for approval of a Certificate of Convenience and Necessity ("CC&N") to provide utility wastewater service in the West Valley of Phoenix in Maricopa County, Arizona. The Company will initially serve a new residential development called Balterra which will be located in the vicinity of 403rd Avenue and Indian School Road near Interstate 10. The requested certificated area covers approximately 1,100 acres.

Staff concludes that approving Balterra's application for a CC&N to provide sewer service is in the public interest. Staff recommends approval of the application. Staff also recommends that the Commission should find a projected fair value rate base in year five is estimated to be \$9,116,397. The Commission's decision on this matter should allow the Company to collect from its customers a proportionate share of any privilege, sales or use tax for effluent sales only; since these type taxes are not collected for the provision of sewer service.

Staff also recommends that the Commission order Balterra to:

1. Charge Staff's recommended rates and charges as shown in Schedule CRM-W-5 on Exhibit 3.
2. File in Docket Control a schedule of its approved rates and charges within 30 days after the Decision in this matter is issued.
3. Maintain its books and records in accordance with the NARUC Uniform System of Accounts.
4. Use the wastewater depreciation rates by individual NARUC category as delineated in Table 1 of the attached Staff Engineering Report.
5. File with Docket Control, as a compliance item in this docket, a copy of the notice issued by ADEQ that the Company's APP and/or AZPDES has been approved no later than October 31, 2007.
6. File with Docket Control, as a compliance item in this docket, a copy of the MAG approved 208 plan no later than January 31, 2007.
7. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the ATC MCESD issues for the proposed Phase I treatment plant no later than June 30, 2007.

8. Staff further recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the AOC MCESD issues for the proposed Phase I sewer collection system no later than October 31, 2007.
9. File documentation with Docket Control, as a compliance item, a notification of service to its first customer within 15 days of serving its first customer.
10. File a rate application no later than three months following the fifth anniversary of the date the Company begins providing service to its first customer.
11. Regarding safety, Staff recommends that the Commission order that all Balterra's operators, agents, employees or operators including employees and agents of contractors and/or subcontractors operating or constructing the Balterra wastewater facilities must comply with all ADOSH requirements including any and all training required by ADOSH to operate wastewater facilities.
12. Furthermore, Staff recommends that the Commission order that on an annual basis, on the anniversary date of the Decision in this matter, for three years, Balterra must file in Docket Control, as a compliance item, certification from ADOSH that it has availed itself of ADOSH consultation services and its operators, agents, employees including employees and agents of contractors/and or subcontractors operating or constructing the Balterra wastewater facilities have taken appropriate training.

Staff further recommends that the Commission's Decision granting this CC&N to Balterra be considered null and void, after due process, if the Company fails to meet conditions 2, 5, 6, 7 and 8 within the time specified.

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Introduction

On August 12, 2005, Balterra Sewer Corp. ("Balterra" or "the Company") filed an application for approval of a Certificate of Convenience and Necessity ("CC&N") to provide utility wastewater service in the West Valley of Phoenix in Maricopa County, Arizona. The Company will initially serve a new residential development called Balterra which will be located in the vicinity of 403rd Avenue and Indian School Road near Interstate 10. The requested certificated area covers approximately 1,100 acres. Water service is expected to be provided by the Water Utility of Greater Tonopah. The legal description and section map of area requested by Balterra is reflected on Exhibit 1, attached.

The Proposed Facilities

The Company plans to install a membrane bioreactor treatment plant designed to treat 2.2 million gallons per day of wastewater flow. The plant will be constructed and installed in phases to accommodate growth in the area. The treated effluent will be disposed of in a surface water impoundment system consisting of a two-cell evaporation/transportation pond structure. Further description of the wastewater system is found in Staff's Engineering Report attached as Exhibit 2.

The Company has estimated a cost of \$18.8 million for the wastewater treatment system for the second phase of the development. This equates to a unit cost of approximately \$17 per gallon of treated effluent. Staff concludes that the estimated costs are reasonable and appropriate for this project. Staff has concluded that the proposed plant will have adequate capacity to serve customers within the requested area and it is reasonable to expect that additional capacity can be developed when needed.

Arizona Department of Environmental Quality ("ADEQ") Compliance

ADEQ requires sewer companies to obtain an Aquifer Protection Permit ("APP") and/or Arizona Pollutant Discharge Elimination System ("AZPDES") permit before the plant can be placed in service. The Company has not yet obtained these permits. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the notice issued by ADEQ that the Company's APP and/or AZPDES has been approved no later than October 31, 2007.

Maricopa County Environmental Services Department ("MCESD")

The proposed treatment plant and sewage collection system will require ("MCESD") to issue Certificates of Approval to Construct ("ATC") and Approval of Construction ("AOC"). Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the ATC MCESD issues for the proposed Phase I treatment plant no later than June 30, 2007. Staff further recommends that the Company file with Docket Control, as a

compliance item in this docket, a copy of the AOC MCESD issues for the proposed Phase I sewer collection system no later than October 31, 2007.

Maricopa Association of Governments ("MAG")

Approval of an amendment to the MAG Section 208 plan for the sewer system is also required. The Company has submitted its request to MAG for the amendment. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the MAG approved 208 plan no later than January 31, 2007.

Rates and Rate Base

Attached as Exhibit 3 is the Staff Report from the Utility Division's Finance and Regulatory Analysis Section wherein the plans for five-year revenues, expenses, plant and financing are discussed. The Report concludes that the Commission should find that the projected rate base for the wastewater plant in service is \$9,116,397 at the end of five years.

Capital Structure

Staff reviewed the Company's proposed capital structure for the fifth year of operation. This consists of common equity \$8,696,627 and advances in aid of construction of \$8,331,700 for total capitalization of \$17,028,327. This results in a capital structure of 51.07 percent equity and 48.93 percent advances. Staff recommends approval of the Company's capital structure.

Rates

The Company's projected revenue is derived according to meter size. The wastewater rates requested by the Company are a monthly flat fee. For a 5/8 X 3/4 meter, the monthly rate is \$70. Staff concurs with the Company's proposed rates except for the three inch meter size. The Company proposes \$1,120 and Staff recommends \$1,050 to be consistent with the other meter size percentages. Other rate related recommendations are included in the attached report.

Pivotal Utility Management ("Pivotal")

Pivotal is expected to be retained by Balterra to provide the operations and management functions of the wastewater treatment facility and infrastructure. Pivotal operates and manages other Arizona utilities including: Pine Meadows Utilities, LLC., Sweetwater Creek Utilities, Bensch Ranch Utilities, LLC, Cross Creek Ranch Water Company and Verde Santa Fe Wastewater Company. Its current applications to purchase and finance the wastewater facilities at San Manuel are under consideration by the Commission.

Pivotal is a close affiliate of Santec Corporation ("Santec"), sharing owners and management. Santec is an entity which constructs and upgrades wastewater plants. Santec was involved in the death of two men in a sewage collection tank at Far West Water and Sewer

Company ("Far West") in Yuma, Arizona, on October 25, 2001. On June 30, 2005, Santec and the State of Arizona filed a plea agreement in Superior Court wherein Santec pled guilty to a Class 6 felony, Violating Safety Standard and Causing Death of an Employee. This issue has been addressed by the Commission in the Coronado Utilities CC&N and financing cases, Docket Nos. SW-04305A-05-0086 and SW-04305A-05-0087.

Staff believes the actions and inaction on the part of Santec at Far West regarding safety are relevant to this proceeding due to the common ownership and management of Santec and Pivotal. Thus, Staff recommends that the Commission order that all operators, agents or employees including employees and agents of contractors and/or subcontractors constructing or operating the Balterra wastewater facilities must comply with all Arizona Department of Health and Safety ("ADOSH") requirements including any and all training required by ADOSH to operate wastewater facilities. Furthermore, Staff recommends that the Commission order Balterra to file in Docket Control annually and for three years, certification from ADOSH that it has availed itself of ADOSH consultation services and certification that its operators, agents, employees, including employees and agents of contractors/and or subcontractors operating or constructing the Balterra wastewater facilities, have taken appropriate safety training.

Conclusions and Recommendations

Staff concludes that approving Balterra's application for a CC&N to provide sewer service is in the public interest. Staff recommends approval of the application. Staff also recommends that the Commission should find a projected fair value rate base in year five is estimated to be \$9,116,397. The Commission's decision on this matter should allow the Company to collect from its customers a proportionate share of any privilege, sales or use tax for the sales of any effluent only.

Staff also recommends that the Commission order Balterra to:

1. Charge Staff's recommended rates and charges as shown in Schedule CRM-W-5 on Exhibit 3.
2. File in Docket Control a schedule of its approved rates and charges within 30 days after the Decision in this matter is issued.
3. Maintain its books and records in accordance with the NARUC Uniform System of Accounts.
4. Use the wastewater depreciation rates by individual NARUC category as delineated in Table 1 of the attached Staff Engineering Report.
5. File with Docket Control, as a compliance item in this docket, a copy of the notice issued by ADEQ that the Company's APP and/or AZPDES has been approved no later than October 31, 2007.

6. File with Docket Control, as a compliance item in this docket, a copy of the MAG approved 208 Plan no later than January 31, 2007.
7. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the ATC MCESD issues for the proposed Phase I treatment plant no later than June 30, 2007.
8. Staff further recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the AOC MCESD issues for the proposed Phase I sewer collection system no later than October 31, 2007.
9. File documentation with Docket Control, as a compliance item, a notification of service to its first customer within 15 days of serving its first customer.
10. File a rate application no later than three months following the fifth anniversary of the date the Company begins providing service to its first customer.
11. Regarding safety, Staff recommends that the Commission order that all Balterra's operators, agents, employees or operators, including employees and agents of contractors and/or subcontractors operating or constructing the Balterra wastewater facilities, must comply with all ADOSH requirements including any and all training required by ADOSH to operate wastewater facilities.
12. Furthermore, Staff recommends that the Commission order that on an annual basis, on the anniversary date of the Decision in this matter, for three years, Balterra must file in Docket Control, as a compliance item, certification from ADOSH that it has availed itself of ADOSH consultation services and its operators, agents, employees including employees and agents of contractors/and or subcontractors operating or constructing the Balterra wastewater facilities have taken appropriate training.

Staff further recommends that the Commission's Decision granting this CC&N to Balterra be considered null and void, after due process, if the Company fails to meet conditions 2, 5, 6, 7 and 8 within the time specified.

MEMORANDUM

TO: Linda Jaress
Executive Consultant III
Utilities Division

FROM: Barb Wells *bw*
Information Technology Specialist
Utilities Division

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: November 21, 2005

RE: **BALTERRA SEWER CORPORATION (DOCKET NO. SW-20403A-05-0586)**
AMENDED LEGAL DESCRIPTION

The area requested by Balterra for a CC#N for sewer service has been plotted with no complications using an amended legal description, which has been docketed. This legal description is attached and should be used in place of the original description submitted with the application.

Also attached are copies of the maps for your files.

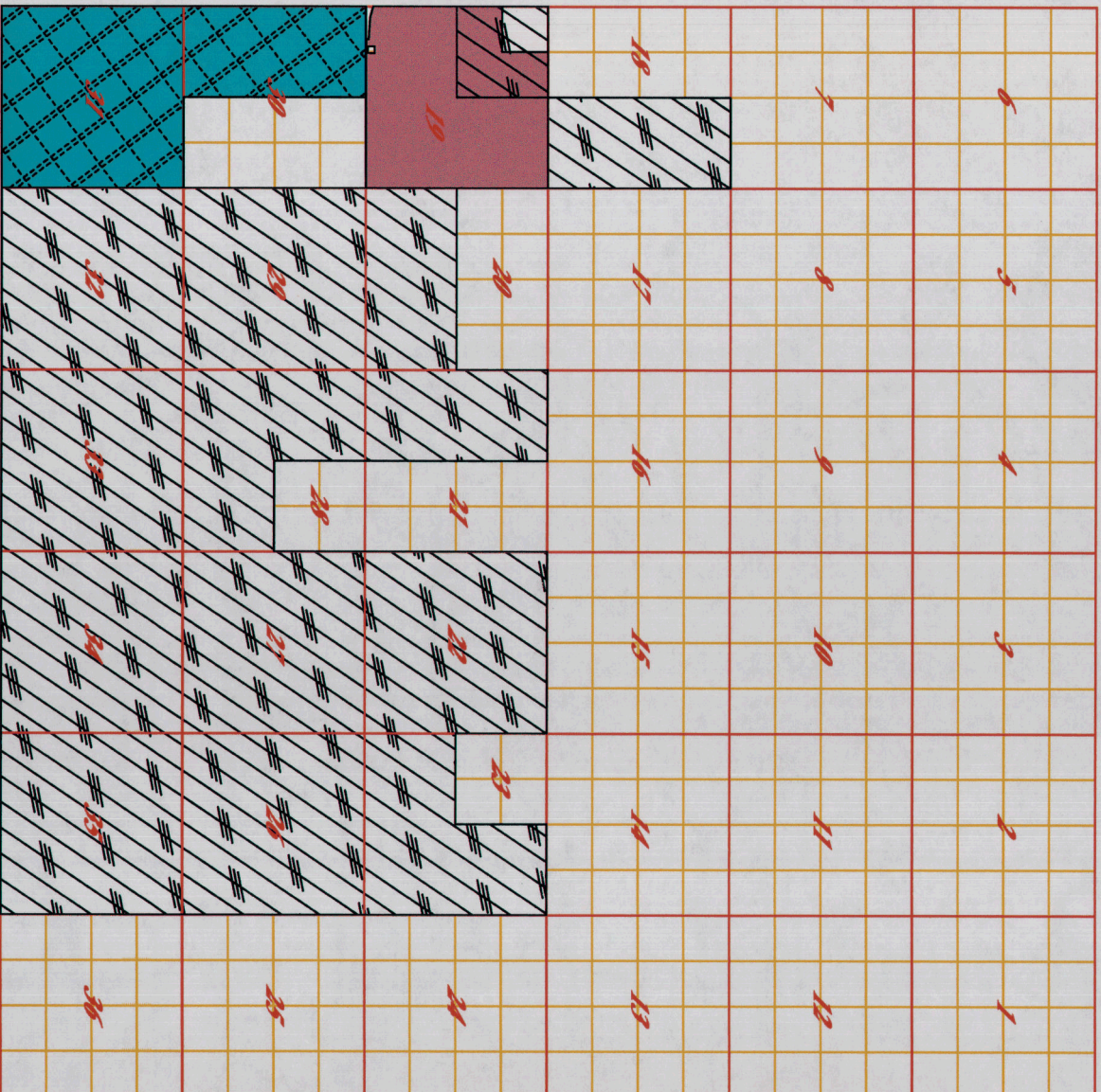
:bsw

Attachments

cc: Docket Control
Mr. Jay Shapiro
Ms. Deb Person (Hand Carried)
File

COUNTY: Maricopa

RANGE 6 West



W-2450 (11)

Water Utility of Greater Tonopah, Inc.
(West Phoenix)



W-2067 (1)

West Phoenix Water Company



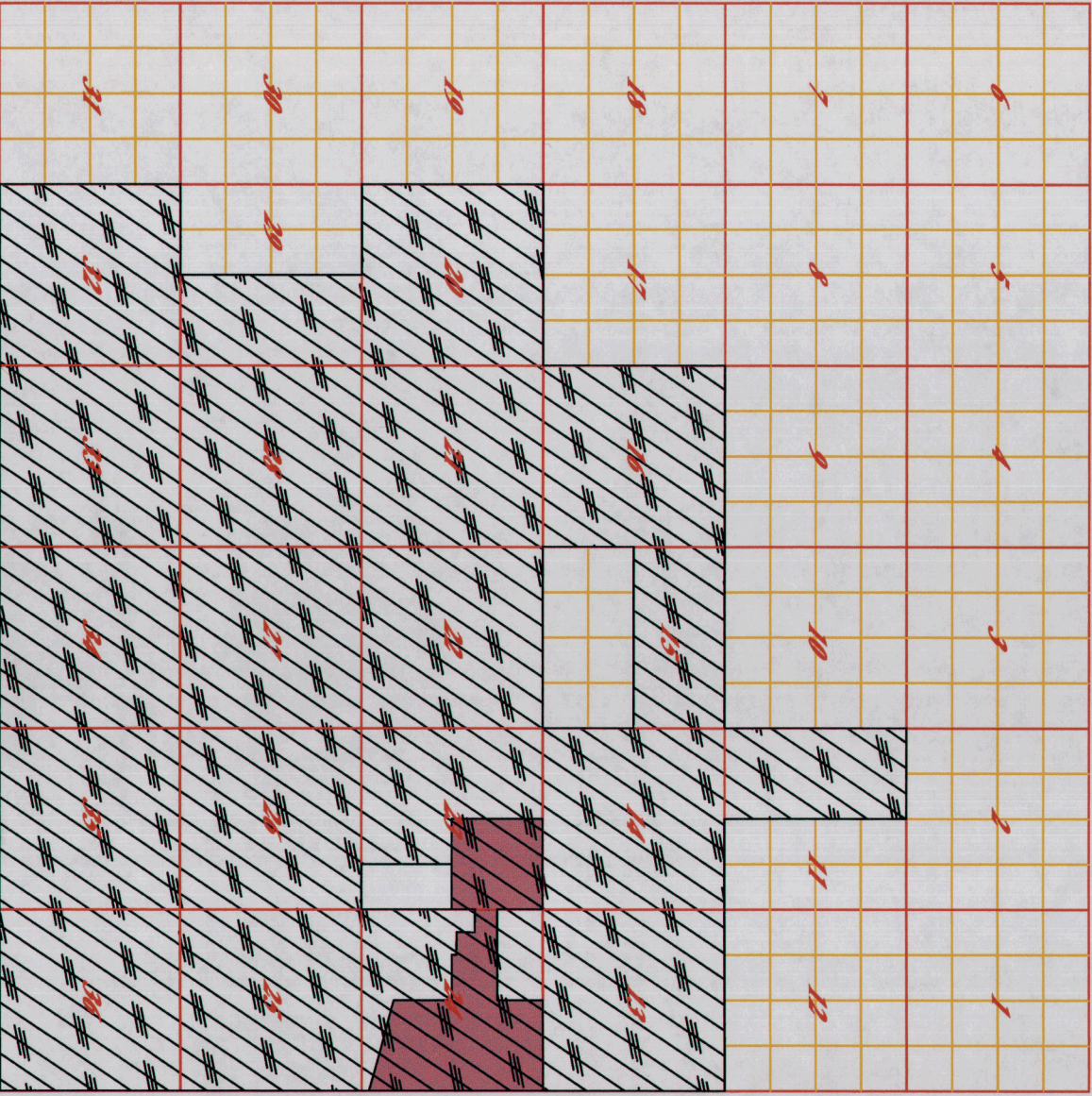
Water Utility of Greater Tonopah, Inc.
Docket No. W-2450-05-430
Application to Transfer from
West Phoenix Water Company (W-2067)



(2)
Balterra Sewer Corporation
Docket No. SW-20403A-05-0586
Application for CC&N

COUNTY: Maricopa

RANGE 7 West



TOWNSHIP 2 North



W-2450 (11)

Water Utility of Greater Tonopah, Inc.
(Roseview?)



(2)

Balterra Sewer Corporation
Docket No. SW-20403A-05-0586
Application for CC&N

PROPERTY DESCRIPTION

BALTERRA

THE DESCRIPTION FOR THAT PORTION OF THE PROPERTY DESCRIBED BELOW, LYING WITHIN SECTION 23, TOWNSHIP 2 NORTH, RANGE 7 WEST, GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, IS BASED ON AN ALTA/ACSM LAND TITLE SURVEY BY MORRISON MAIERLE, INCORPORATED, DATED SEPTEMBER 22, 2004.

THAT PORTION OF SECTION 19, TOWNSHIP 2 NORTH, RANGE 6 WEST, AND SECTION 24, TOWNSHIP 2 NORTH, RANGE 7 WEST, GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP AT THE SOUTHEAST CORNER OF SAID SECTION 19;

THENCE NORTH 89°28'08" WEST, ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 19, A DISTANCE OF 2,640.04 FEET TO A BRASS CAP AT THE SOUTH QUARTER CORNER OF SAID SECTION 19;

THENCE NORTH 89°28'43" WEST, ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 1,687.12 FEET TO A HALF INCH REBAR AND YELLOW CAP MARKED "DEA 40622" AT THE SOUTHEAST CORNER OF THAT CERTAIN TRACT OF LAND CONDEMNED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 7553, PAGE 749, RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE NORTH 00°31'17" EAST, ALONG THE EAST LINE OF THAT CERTAIN TRACT OF LAND CONDEMNED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 7553, PAGE 749, RECORDS OF MARICOPA COUNTY, ARIZONA, A DISTANCE OF 65.22 FEET TO AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP;

THENCE NORTH 85°42'56" WEST, ALONG THE NORTH LINE OF THAT CERTAIN TRACT OF LAND CONDEMNED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 7553, PAGE 749, RECORDS OF MARICOPA COUNTY, ARIZONA, A DISTANCE OF 629.08 FEET TO AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP;

THENCE NORTH 74°33'19" WEST, ALONG THE NORTH LINE OF THAT CERTAIN TRACT OF LAND CONDEMNED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 7553, PAGE 749, RECORDS OF MARICOPA COUNTY, ARIZONA, A DISTANCE OF 308.20 FEET TO A HALF INCH REBAR AND YELLOW CAP MARKED "DEA 40622" AT A POINT ON THE WEST LINE OF SAID SECTION 19, ALSO BEING THE NORTHEAST CORNER OF THAT CERTAIN TRACT OF LAND DEEDED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 6412, PAGE 55, RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE NORTH 74°32'33" WEST, ALONG THE NORTH LINE OF THAT CERTAIN TRACT OF LAND DEEDED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 6412, PAGE 55, RECORDS OF MARICOPA COUNTY, ARIZONA, A DISTANCE OF 1,142.11 FEET TO AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP;

THENCE NORTH 74°32'55" WEST, ALONG THE NORTH LINE OF THAT CERTAIN TRACT OF LAND DEEDED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 6412, PAGE 55, RECORDS OF MARICOPA COUNTY, ARIZONA, A DISTANCE OF 1,300.16 FEET TO AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP;

THENCE NORTH 74°32'56" WEST, ALONG THE NORTH LINE OF THAT CERTAIN TRACT OF LAND DEEDED FOR HIGHWAY AS RECORDED UNDER DOCKET NO. 6412, PAGE 55, RECORDS OF MARICOPA COUNTY, ARIZONA, A DISTANCE OF 294.08 FEET TO A ONE HALF INCH REBAR ON THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 24;

THENCE NORTH 00°32'56" EAST, ALONG THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 24, A DISTANCE OF 1751.55 FEET TO A ONE INCH REBAR AT THE CENTER OF SAID SECTION 24;

THENCE NORTH 89°27'44" WEST, ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 1321.24 FEET TO A FIVE EIGHTHS INCH REBAR AT THE SOUTHWEST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24;

THENCE NORTH 00°33'08" EAST, ALONG THE WEST LINE OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 132.00 FEET TO A HALF INCH REBAR ON THE NORTH LINE OF THE SOUTH 132.00 FEET OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24;

THENCE NORTH 89°27'44" WEST, ALONG THE NORTH LINE OF THE SOUTH 132.00 FEET OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 660.61 FEET TO A HALF INCH REBAR MARKED "DON MILLER, LS 15335" AT THE WEST LINE OF THE EAST HALF OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24;

THENCE NORTH 00°33'16" EAST, ALONG THE WEST LINE OF THE EAST HALF OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 528.12 FEET TO A HALF INCH REBAR MARKED "DON MILLER, LS 15335" AT THE SOUTHEAST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24;

THENCE NORTH 89°27'40" WEST, ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 660.59 FEET TO A HALF INCH REBAR AND YELLOW CAP MARKED "DEA 40622" AT THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24;

THENCE NORTH 00°33'24" EAST, ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 660.13 FEET TO A HALF INCH REBAR AT THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24;

THENCE SOUTH 89°27'36" EAST, ALONG THE NORTH LINE OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 2642.28 FEET TO A FIVE EIGHTHS INCH REBAR AT THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24;

THENCE NORTH 00°32'53" EAST, ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 24, A DISTANCE OF 1320.15 FEET TO A HALF INCH REBAR AT THE NORTH QUARTER CORNER OF SAID SECTION 24;

THENCE SOUTH 89°31'19" EAST, ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 24, A DISTANCE OF 2645.96 FEET TO A GLO BRASS CAP AT THE NORTHEAST CORNER OF SAID SECTION 24;

THENCE SOUTH 00°33'36" WEST, ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 24, A DISTANCE OF 1320.00 FEET TO A HALF INCH REBAR AT THE SOUTH LINE OF THE NORTH 1320.00 FEET OF THE NORTHWEST QUARTER OF SAID SECTION 19;

THENCE SOUTH 89°29'19" EAST, ALONG THE SOUTH LINE OF THE NORTH 1320.00 FEET OF THE NORTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 1320.00 FEET TO A HALF INCH REBAR AT THE SOUTHEAST CORNER OF THE WEST 1320.00 FEET OF THE NORTH 1320.00 FEET OF THE NORTHWEST QUARTER OF SAID SECTION 19;

THENCE NORTH 00°33'36" EAST, ALONG THE EAST LINE OF THE WEST 1320.00 FEET OF THE NORTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 1320.00 FEET TO A HALF INCH REBAR ON THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 19, ALSO BEING THE NORTHEAST CORNER OF THE WEST 1320.00 FEET OF THE NORTH 1320.00 FEET OF THE NORTHWEST QUARTER OF SAID SECTION 19;

THENCE SOUTH 89°29'19" EAST, ALONG THE NORTH LINE OF THE OF THE NORTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 1286.27 FEET TO A GLO BRASS CAP AT THE NORTH QUARTER CORNER OF SAID SECTION 19;

THENCE SOUTH 89°29'54" EAST, ALONG THE NORTH LINE OF THE OF THE NORTHEAST QUARTER OF SAID SECTION 19, A DISTANCE OF 2643.72 FEET TO A REBAR WITH ALUMINUM CAP MARKED "LS 36563, 2004" AT THE NORTHEAST CORNER OF SAID SECTION 19;

THENCE SOUTH 00°32'10" WEST, ALONG THE EAST LINE OF THE OF THE NORTHEAST QUARTER OF SAID SECTION 19, A DISTANCE OF 2643.21 FEET TO A REBAR WITH ALUMINUM CAP MARKED "LS 36563, 2004" AT THE EAST QUARTER CORNER OF SAID SECTION 19;

THENCE SOUTH 00°32'12" WEST, ALONG THE EAST LINE OF THE OF THE SOUTHEAST QUARTER OF SAID SECTION 19, A DISTANCE OF 2643.45 FEET TO AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP AT THE SOUTHEAST CORNER OF SAID SECTION 19 AND THE POINT OF BEGINNING;

TOGETHER WITH THE NORTHEAST QUARTER OF SECTION 23, TOWNSHIP 2 NORTH, RANGE 7 WEST, GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA,

BEING ALSO DESCRIBED AS FOLLOWS:

BEGINNING AT A HALF-INCH REBAR AT THE NORTHEAST CORNER OF SECTION 23, TOWNSHIP 2 NORTH, RANGE 7 WEST, GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

THENCE SOUTH 00°33'24" WEST, ALONG THE EAST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 23, A DISTANCE OF 2640.55 FEET TO A GLO BRASS CAP AT THE EAST QUARTER CORNER OF SAID SECTION 23;

THENCE NORTH 89°26'32" WEST, ALONG THE SOUTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 23, A DISTANCE OF 2636.57 FEET TO A HALF INCH REBAR WITH TAG MARKED "L.S. 12218" AT THE CENTER OF SAID SECTION 23;

THENCE NORTH 00°35'09" EAST, ALONG THE WEST LINE OF THE NORTHEAST QUARTER OF SAID SECTION 23, A DISTANCE OF 2641.17 FEET TO A GLO BRASS CAP AT THE NORTH QUARTER CORNER OF SAID SECTION 23;

THENCE SOUTH 89°25'44" EAST, ALONG THE NORTH LINE OF THE NORTHEAST QUARTER OF SAID SECTION 23, A DISTANCE OF 2635.23 FEET TO A GLO BRASS CAP AT THE NORTHEAST CORNER OF SAID SECTION 23 AND THE POINT OF BEGINNING.

EXCEPT THAT PORTION OF THE SOUTHWEST QUARTER OF SAID SECTION 19 DESCRIBED AS FOLLOWS:

COMMENCING AT A BRASS CAP FOUND AT THE SOUTH QUARTER CORNER OF SAID SECTION 19, FROM WHICH AN ARIZONA DEPARTMENT OF TRANSPORTATION BRASS CAP AT THE SOUTHEAST CORNER OF SAID SECTION 19 BEARS SOUTH 89°28'08" EAST, A DISTANCE OF 2640.04 FEET; THENCE NORTH 89°28'43" WEST, ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 1482.82 FEET; THENCE NORTH 00°31'17" EAST, A DISTANCE OF 40.00 FEET TO A HALF IN REBAR AT A POINT ON A LINE LYING 40.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19 AND THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°31'17" EAST, A DISTANCE OF 200.00 FEET TO A HALF IN REBAR AT A POINT ON A LINE LYING 240.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19;

THENCE SOUTH 89°28'43" EAST, ALONG SAID LINE LYING 240.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 200.00 FEET TO A HALF IN REBAR;

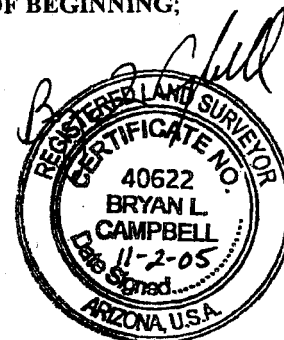
THENCE SOUTH 00°31'17" WEST, A DISTANCE OF 200.00 FEET TO A HALF IN REBAR AT A POINT ON SAID LINE LYING 40.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19;

THENCE NORTH 89°28'43" WEST, ALONG SAID LINE LYING 40.00 FEET NORTH OF AND PARALLEL TO THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 19, A DISTANCE OF 200.00 FEET TO A HALF IN REBAR AT THE POINT OF BEGINNING;

SITUATE IN THE COUNTY OF MARICOPA, STATE OF ARIZONA.

CONTAINS 1,110.083 ACRES MORE OR LESS. (GROSS)

CONTAINS 1,082.750 ACRES MORE OR LESS. (NET)



MEMORANDUM

DATE: February 27, 2006

TO: Linda Jaress
Executive Consultant III

Charles Myhlhousen
Public Utilities Analyst

FROM: Dorothy Hains *DH*
Utilities Engineer

RE: New CC&N Application for Balterra Sewer Co.
Docket No. SW-20403A-05-0586

Introduction

Balterra Sewer Company ("Balterra" or "Company") has submitted an application for a new sewer Certificate of Convenience and Necessity ("CC&N"). Balterra is requesting a two square mile service area located near the Town of Tonopah in Maricopa County. Planned development in the proposed CC&N area would consist of 6,100 residential units, 179 acres of commercial/industrial facilities, one elementary school and one high school.

Proposed Treatment System

The Company proposes to install a wastewater treatment plant located between 403rd Avenue and Indian School Road to serve the requested area. The proposed three-phased, membrane bioreactor ("MBR") treatment plant is designed to treat 2.2 million gallons per day ("MGD") of daily wastewater flow. The proposed plant would be equipped with influent pump station, grit removal unit, oxic/anoxic/aeration biological removal units, filtration, sludge removal unit, and ultraviolet ("UV") disinfection unit. The treated effluent will be disposed of in a surface water impoundment system.¹

The Company will install a 0.275 MGD treatment plant for the Phase I development and extend the plant's treatment capacity to 1.1 MGD in the Phase II development stage which is expected to occur within six years of initial operation of the plant. The 1.1 MGD capacity is designed to serve 3,660 customers. The Company expects to be serving 2,770 customers within five years. Staff has concluded that the proposed plant will have adequate capacity to serve customers

¹ This water impoundment system would consist of a two-cell evaporation/transpiration pond structure.

within in the requested area and it is reasonable to expect that additional capacity can be developed when needed.

The proposed treatment plant and sewage collection system will require Maricopa County Environmental Services Department ("MCESD") to issue Certificates of Approval to Construct ("ATC") and Approval of Construction ("AOC"). Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the ATC MCESD issues for the proposed Phase I treatment plant no later than June 30, 2007. Staff further recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the AOC MCESD issues for the proposed Phase I sewer collection system no later than October 31, 2007.

Arizona Department of Environmental Quality (ADEQ) Compliance

The Aquifer Protection Permit ("APP") and/or Arizona Pollutant Discharge Elimination System ("AZPDES") discharge permits issued by ADEQ will be required before the plant can be placed in service. At this time, ADEQ has not issued either an APP or an AZPDES for the proposed system. Maricopa Association of Governments ("MAG") Section 208 plan approval will also be needed. The Company has started its MAG approval process which would amend the existing Ruth Fisher School's Section 208 Plan. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the MAG approved 208 plan no later than January 31, 2007. Staff further recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the notice issued by ADEQ that the Company's APP and/or AZPDES has been approved no later than October 31, 2007.

Cost Analysis

Staff's recommended adjustments to the Company's cost estimates are listed in the right-hand column of the table below:

NARUC Account	Description	Company's cost estimate (\$) ²
351	Organization	0
352	Franchise	0
353	Land & Land Rights: Half Parcel of 360'x640'	0
354	Structure & Improvements:	953,311
355	Power Generation Equipment:	65,340
361	Collection Sewer – Gravity fed 11,150' of 30-inch pipe (\$130/ft) 11,121' of 24-inch pipe (\$80/ft) 5,501' of 18-inch pipe (\$70/ft) 16,858' of 12-inch pipe (\$52/ft) 135,771' of 8-inch pipe (\$36/ft). 81 of 5' diameter manholes (\$5,000/unit) 491 of 4' diameter manholes (\$3.742/unit)	10,731,025 ³
363	Service laterals:	0
364	Flow Measuring Device	24,948
370	Receiving Wells	0
371	Pumping Equipment	107,633
375	Reuse Transmission and Distribution System	0
380	Treatment & disposal Equipment	6,232,250
381	Plant Sewers	378,484
382	Outfall Sewer Line	0
389	Other Plant & Miscellaneous Equipment	201,295
390	Office Furniture	11,880
393	Tools, Shop & Garage Equipment	0
394	Lab equipment	2,970
395	Power Operated Equipment	0
397	Other Plant and Miscellaneous Equipment	0
	Total	18,709,136

² The estimates are for Phase I and Phase II expansion within five years.

³ The Company states that total expenses of five phases are \$10,731,025 and \$7,806,000 of in total expenses belong to Advance In Aid of Construction ("AIAC") account.

The Company's estimated total of \$18,772,962 for a 1.1 MGD wastewater treatment system equates to a unit cost of approximately \$17 per gallon of treated effluent. This cost includes all mains along with the treatment facilities. Staff concludes that the estimated costs are reasonable and appropriate for this project.

The approval of this CC&N application does not imply any particular future treatment for rate base. No "used and useful" determination of the proposed plant in service was made, and no conclusions should be inferred for rate making or rate base purposes.

Depreciation Rates

Staff has developed typical and customary depreciation rates within a range of anticipated equipment life. These rates are presented in Table 1, and it is recommended that the Company use the depreciation rates by individual National Association of Regulatory Utility Commissioners (NARUC) category, as delineated in this table.

Table 1
DEPRECIATION RATES FOR WASTEWATER SYSTEM

Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
354	Structures & Improvements	30	3.33
355	Power Generation Equipment	30	3.33
360	Collection Sewers – Force	50	2.00
361	Collection Sewers – Gravity	50	2.00
362	Special Collecting Structures	50	2.00
363	Services to Customers	50	2.00
364	Flow Measuring Devices	10	10.00
365	Flow measuring Installations	20	5.00
366	Reuse Services	50	2.00
367	Reuse Meters and Meter Installations	30	3.33
370	Receiving Wells	30	3.33
371	Pumping Equipment	10	10.00
374	Reuse Distribution Reservoirs	40	2.50
375	Reuse Transmission and Distribution System	50	2.00
380	Treatment and Disposal Equipment	20	5.00
381	Plant Sewers	20	5.00
382	Outfall Sewer Lines	25	4.00
389	Other Plant & Misc Equipment	15	6.67
390	Office Furniture & Equipment	15	6.67
390.1	Computers & Software	5	20.00
391	Transportation Equipment	5	20.00
392	Store Equipment	25	4.00
393	Tools, Shop & Garage Equipment	20	5.00
394	Laboratory Equipment	10	10.00
395	Power Operated Equipment	20	5.00
396	Communication Equipment	10	10.00
397	Miscellaneous Equipment	10	10.00
398	Other Tangible Plant	----	----

Summary

I. Conclusions:

1. Staff concludes that the Company will have adequate treatment capacity to service expected growth in the requested area.
2. Staff concludes that the estimated costs are reasonable and appropriate for this project.

II. Recommendations:

1. Staff recommends that the Company use the depreciation rates delineated in Table 1 for its wastewater system.
2. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the ATC MCESD issues for the proposed Phase I treatment plant no later than June 30, 2007.
3. Staff further recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the AOC MCESD issues for the proposed Phase I sewer collection system no later than October 31, 2007.
4. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the MAG approved 208 plan no later than January 31, 2007.
5. Staff further recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the notice issued by ADEQ that the Company's APP and/or AZPDES has been approved no later than October 31, 2007.

MEMORANDUM

TO: Linda Jaress
Executive Consultant III Utilities Division

FROM: Charles R. Myhlhousen CRM
Public Utilities Analyst III – Utilities Division

Date: March 6, 2006

RE: BALTERRA SEWER CORPORATION APPLICATION FOR A NEW
CERTIFICATE OF CONVENIENCE AND NECESSITY
DOCKET NO. SW-20403A-05-0586

Introduction

On August 12, 2005, Balterra Sewer Corporation ("Company") submitted an application to the Arizona Corporation Commission ("Commission") for a Certificate of Convenience and Necessity ("CC&N") to provide public utility wastewater service in Maricopa County, Arizona. The application indicates that there are presently no customers receiving service in the area of the requested CC&N. At the end of five years the Company is projecting to be servicing 2,770 residential customers and one school customer.

Fair Value Rate Base

Consistent with Commission rules, the Company's filing included the required five-year projections for plant values, operating revenues, operating expenses, and the number of customers. Projections and assumptions are necessary to establish a fair value rate of return and initial rates due to the lack of historical information. In this proceeding, original cost rate base is the fair value rate base. Staff reviewed the Company's projections and found them generally reasonable. Staff reviewed Advances in Aid of Construction and made allowances for its payback at a rate of 10 percent of revenue generated per year for ten years. See Schedule CRM-WW-4.

The original application filed by the Company had only three separate plant in service items indicated. The Company changed the allocation of plant items to include various other plant items. Staff recomputed the depreciation expense and accumulated depreciation amounts. See Schedules CRM-WW-2 and CRM-WW-3 for the correct amounts.

Staff determined the projected rate base for the wastewater plant in service to be \$9,116,397 at the end of five years. See Schedule CRM –WW-1.

Equity and Liabilities

Staff reviewed the Company's proposed equity and liabilities in the fifth year of operation. This consists of the Company common stock of \$7,503,113, retained earnings of \$1,193,514 and advances in aid of construction of \$8,331,700 for a total of \$17,028,327. This results in a capital structure of 51.07 percent equity and 48.93 percent advances. Staff recommends approval of the company's capital structure. See Schedule CRM-6.

Revenue and Expenses

As justification for the initial rates, the Company has estimated its revenue and expenses. The revenue estimate was not adjusted by Staff. Staff has reviewed the expense estimates and made two adjustments. Deprecation expense was adjusted to reflect the new allocation given to plant in service items. Staff adjusted income tax expense as a result of the deprecation expense being adjusted. The projected income statement is depicted at Schedule CRM-WW-1.

Rate Design

The Company's projected revenue is derived from the residential and commercial customer classes. Staff has reviewed the estimates and found them to be reasonable.

The wastewater rates requested by the Company are a monthly flat fee. Staff concurs with the Company on their proposed monthly fees except for the three inch meter size. The Company proposes \$1,120 and Staff recommends \$1,050 which will be consistent with the other meter size percentages.

Staff recommends that the Company's charge for minimum deposit be as per Rule R14-2-403.B. The after hours service charge was changed to \$40.00 per hour to more closely reflect other after hours charges in this tariff. Staff allowed the Company a late payment charge of 1.50% per month on the unpaid balance monthly. Main extension and additional facilities agreement and collection of related taxes are addressed separately in the administrative code and not to be part of the tariff. If the Company wants a tariff for Main Extension, the Company should file for one within the provisions of R-14-2-606-C of the A.C.C. Administrative Code. The other service charges proposed were found reasonable and should be adopted for the Company's initial rates. See Schedule CRM-WW-5.

Recommendations

Staff recommends:

- approval of Staff's rates as shown on Schedule CRM-W-5.

- the Company be required to notify Docket Control within 15 days of providing service to its first customer.
- the Company be required to file a rate application no later than three months following the fifth anniversary of the date the Company begins providing service to its first customer.
- the Company be required to maintain its books and records in accordance with the NARUC Uniform System of Accounts for Wastewater Utilities.
- the Company be required to use the depreciation rates recommended by Staff for wastewater utilities.
- that the Company file with Docket Control a tariff consistent with the rates and charges authorized by the Commission within 30 days of the decision in this matter.
- in addition to collection of its regular rates, the Company may collect from its customers a proportionate share of any privilege, sales or use tax for the sales of any effluent only.

WASTEWATER
Proforma Income Statement and
Original Cost Rate Base

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Operating Revenue:	\$132,695	\$481,620	\$910,162	\$1,436,520	\$2,104,418
Operating Expenses:					
Operation and Maintenance	81,150	111,657	156,973	246,769	355,292
Depreciation	180,357	376,328	410,445	476,825	569,752
Property Taxes	4,246	7,968	16,261	30,169	47,478
Income Taxes	50	50	126,965	269,139	442,970
Total Operating Expense	\$265,803	\$496,003	\$710,644	\$1,022,902	\$1,415,492
Operating Income/(Loss)	(\$133,108)	(\$14,383)	\$199,518	\$413,618	\$688,926
Number of Customers					
Residential	300	780	1260	1970	2770
Commercial	0	1	1	1	1
Total	300	781	1261	1971	2771
Plant in Service	\$9,168,266	\$10,729,638	\$12,580,010	\$15,558,569	\$18,772,963
Less: Accumulated Depreciation	180,357	733,336	967,131	1,443,956	2,183,674
Less: Advances in Aid of Construction	1,716,000	2,810,633	4,318,124	5,962,328	7,688,340
Plus: 1/24 Power	248	912	1,724	2,706	3,952
Plus: 1/8 Operation and Maintenance	9,401	11,222	14,449	22,728	32,556
ORIGINAL COST RATE BASE	7,281,558	7,374,454	7,310,928	8,177,719	9,107,423
Rate of Return	-1.83%	-0.20%	2.73%	5.06%	7.56%

PLANT IN SERVICE - WASTEWATER

Acc't No.	Description	Cost Year One	Additions Year Two	Additions Year Three	Additions Year Four	Additions Year Five	Plant Total Year Five
351	Organization	\$	\$	\$	\$	\$	\$
352	Franchises						
353	Land and Land Rights						
354	Structures and Improvements	574,529			221,064	157,718	953,311
355	Power Generation Equipment	65,340					65,340
360	Collecting Sewers-Force						
361	Collecting Sewers-Gravity(AIAC)	1,611,000	1,239,000	1,528,000	1,652,000	1,776,000	7,806,000
361	Collecting Sewers-Gravity	1,645,635	322,372	322,372	120,522	577,950	2,988,851
362	Special Collecting Structures						
363	Services to Customers						
364	Flow Measuring Devices	10098.00			8,667	6,183	24,948
365	Flow Measuring Installations						
370	Receiving Wells						
371	Pumping Equipment	47,045			35,360	25,228	107,633
380	Treatment and Disposal Equip.	4,664,159			915,167	652,924	6,232,250
381	Plant Sewers	334,315			25,778	18,391	378,484
382	Outfall Sewer Lines						
389	Other Plant and Misc. Equip.	201,295					201,295
390	Office Furniture and Equip.	11,880					11,880
391	Transportation Equipment						
393	Tools, Shop and Garage Equip.						
394	Lab Equipment	2,970					2,970
395	Power Operated Equipment						
398	Other Tangible Plant						
	Totals	\$9,168,266	\$1,561,372	\$1,850,372	\$2,978,559	\$3,214,394	\$18,772,960

PLANT IN SERVICE WASTEWATER

Annual Accumulated Depreciation

0.00

Acc't No.	Description	Staff's PIS Year 5	Staff's Depr. Rat	1st year Acc. Depr.	2nd year Acc. Depr.	3rd year Acc. Depr.	4th year Acc. Depr.	5th year Acc. Depr.
351	Organization	\$		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
352	Franchises			0.00	0.00	0.00	0.00	0.00
353	Land and Land Rights			0.00	0.00	0.00	0.00	0.00
354	Structures and Improvements	953,311	3.33%	9566.00	28698.00	47830.00	70642.00	99761.00
355	Power Generation Equipment	65,340	5.00%	1634.00	4901.00	8168.00	11435.00	14702.00
360	Collecting Sewers-Force		2.00%	0.00	0.00	0.00	0.00	0.00
361	Collecting Sewers-Gravity(AIAC)	7,806,000	2.00%	16,110.00	60,720	133,000	237,080	375,440
361	Collecting Sewers-Gravity	2,988,851	2.00%	17,382.00	55,372	99,808	148,976	205,650
362	Special Collecting Structures		2.00%	0.00	0.00	0.00	0.00	0.00
363	Services to Customers		2.00%	0.00	0.00	0.00	0.00	0.00
364	Flow Measuring Devices	24,948	10.00%	505.00	1515.00	2525.00	3968.00	6153.00
365	Flow Measuring Installations		10.00%	0.00	0.00	0.00	0.00	0.00
366	Reuse Services		2.00%	0.00	0.00	0.00	0.00	0.00
367	Reuse Meters and Meter Install.		8.33%	0.00	0.00	0.00	0.00	0.00
370	Receiving Wells		3.33%	0.00	0.00	0.00	0.00	0.00
371	Pumping Equipment	107,633	12.50%	2940.00	8822.00	14703.00	22793.00	34671.00
374	Reuse Distrubution Reservoirs		2.50%	0.00	0.00	0.00	0.00	0.00
375	Reuse Transmission Distribution		2.50%	0.00	0.00	0.00	0.00	0.00
380	Treatment and Disposal Equip.	6,232,250	5.00%	116604.00	349,812	583,020	839,107	1,134,396
381	Plant Sewer	378,484	5.00%	8358.00	25074.00	41789.00	59150.00	77614.00
382	Outfall Sewer Lines		3.33%	0.00	0.00	0.00	0.00	0.00
389	Other Plant and Misc. Equip.	201,295	6.67%	6713.00	20139.00	33565.00	46991.00	60418.00
390	Office Furniture and Equip.	11,880	6.67%	396.00	1189.00	1981.00	2773.00	3566.00
391	Transportation Equipment		20.00%	0.00	0.00	0.00	0.00	0.00
392	Stores Equipment		4.00%	0.00	0.00	0.00	0.00	0.00
393	Tools, Shop and Garage Equip.		5.00%	0.00	0.00	0.00	0.00	0.00
394	Lab Equipment	2,970	10.00%	149.00	446.00	743.00	1040.00	1337.00
395	Power Operated Equipment		10.00%	0.00	0.00	0.00	0.00	0.00
398	Other Tangible Plant		10.00%	0.00	0.00	0.00	0.00	0.00
	Totals	\$18,772,960		\$180,357	\$556,684	\$967,129	\$1,443,955	\$2,013,708

ADVANCES LESS REFUNDS WASTEWATER

Year	Gross Advances	Cumm. Advances	Refund at 10%	Annual Refund	Advances Balance
1	\$ 1,716,000	\$ 1,716,000	0.10	\$ -	1,716,000
2	3,122,926	4,838,926	0.10	312,293	2,810,633
3	4,797,915	9,636,841	0.10	479,792	4,318,124
4	6,624,809	16,161,650	0.10	662,481	5,962,328
5	8,542,600	24,704,250	0.10	854,260	7,688,340

RATE DESIGN-WASTEWATER

	Company Proposed Rates	Staff Recommended Rates
<u>Minimum Monthly Flat Charge</u>		
5/8 x3/4 inch	\$70.00	\$70.00
3/4 inch	105.00	105.00
one inch	175.00	175.00
1-1/2 inch	350.00	350.00
two inch	560.00	560.00
three inch	1,120.00	1,050.00
four inch	1,750.00	1,750.00
six inch	3,500.00	3,500.00
Treated Effluent per 1,000 gallons	0.62	0.62
Teated Effluent per acre foot	202.00	202.00
<u>Service Line Charge</u>		
Service Line connection Charge	350.00	350.00
Establishment of Service	25.00	25.00
Establishment of Service (after hours)	40.00	40.00
(collected only if customer is sewer only)		
Re-establishment of Service (Within 12 months)	**	**
Reconnection (delinquent) after hours	30.00	30.00
After hours service charge per hour	50.00	40.00
Deposit	2x mo. Bill	*
NSF Check	15.00	15.00
Late Payment Charge (per month on unpaid balance)		***

- * Per Commission Rules (R14-2-403B).
 ** Per Commission Rules (R-14-2-409.G(6)).
 *** 1.50% per month on the unpaid balance monthly.

Equity- Wastewater

	Year 1	Year 2	Year 3	Year 4	Year 5
Common Stock net of	\$7,502,266	\$7,502,288	\$7,502,660	\$7,502,719	\$7,503,113
Retained Earnings	-132,358	-144,521	60,790	488,899	1,193,514
Total Equity	\$7,369,908	\$7,357,767	\$7,563,450	\$7,991,618	\$8,696,627
Liabilities and Deferred Credits					
Advances in Aid of Construction	1,716,000	3,103,446	4,727,203	6,491,178	8,331,700
Contribution in Aid of Construction					
Less: Amortization					
Customer Deposits					
Long-Term Debt					
Total Liabilities and Deferred Credits					
Total Equity and Liability	<u>\$9,085,908</u>	<u>\$10,461,213</u>	<u>\$12,290,653</u>	<u>\$14,482,796</u>	<u>\$17,028,327</u>
Equity Percentage	51.07%				
Advances Percentage	<u>48.93%</u>				